



SPECIAL REVIEW OF THE  
ST. LOUIS  
BOARD OF POLICE COMMISSIONERS

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-25  
April 21, 1999

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

**The following problems were discovered as a result of our office's most recent audit of the St. Louis Board of Police Commissioners.**

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**The St. Louis Police Board is prohibited from paying overtime to any officer ranking sergeant and above.** The Board of Police Commissioners' records indicate overtime payments were made in the amount of \$242,069 in 1998, and \$238,545, in 1997. These payments were made to approximately 96 officers ranking sergeant and above. State law prohibits these payments.

The St. Louis Board of Police Commissioners paid \$10,902 and \$12,473 to the Chief of Police for unused vacation leave and discretionary holidays in 1997 and 1996, respectively. The compensation to be paid to members of the police force is established by state law, not by the city of St. Louis. **By paying the chief for unused leave, the board has exceeded its authority and paid the chief an amount in excess of the salary that the General Assembly has authorized.** State law establishes the compensation of members of the police force that the General Assembly has authorized the Board of Police Commissioners to pay. Further, state law provides those ranks (police officers, sergeants and lieutenants) that may be paid for unused vacation time. Officers above the rank of lieutenant are not included in this authorization.

On June 30, 1998, the Board of Police Commissioners maintained over \$6.9 million in checking accounts and certificates of deposit (CD's) at one bank. The Board has not bid any of its banking services. It appears the police department could have earned additional interest income by changing its investment practices. *This condition was also noted in our two prior reports on the St. Louis Board of Police Commissioners for years 1991 and 1994.*

**The board has agreed it should choose its banking services through competitive bidding. It expects to publish a plan within 90 days which would take effect during Fiscal Year 2000.**

Our review of the budgeting process revealed the Board of Police Commissioners does not prepare formal budgets of revenues, resources, and expenditures for an account the Board refers to as the Secretary's Account. *This condition was also noted in our two prior reports on the St. Louis Board of Police Commissioners for years 1991 and 1994.*

The Board of Police Commissioners transferred over \$1.7 million from the city's General Fund to the Secretary's Account. Of this amount over \$826,000 remained in the Secretary's Account on June 30, 1998, the end of the department's fiscal year. The department carried over to fiscal year 1999 approximately \$561,500 in expenditures that should have been paid out of its General Fund budget. Had these expenditures been charged against the 1998 budget, the department would have overspent its budget by approximately \$559,800, which is a violation of state law.

**The Board has agreed to budget the Secretary's Fund and implement better expenditure controls.**

(over)

In prior reviews of the St. Louis Board of Police Commissioners, the following conditions were discovered, and corrective measures were recommended by the State Auditor. However, the problems have yet to be corrected.

YELLOW SHEET

| <u>Condition:</u>                                     | <u>Reviews Issued In</u> |             |             |             |
|---|--------------------------|-------------|-------------|-------------|
|   | <u>1989</u>              | <u>1991</u> | <u>1994</u> | <u>1999</u> |
| Payment of Health and Life Insurance to Commissioners |                          |             | X           | X*          |
| Failure to Budget the Secretary's Account             |                          | X           | X           | X*          |
| Failure to Bid Banking Services                       |                          | X           | X           | X*          |
| Failure to Properly Bid Goods and Services            | X                        | X           | X           | X*          |
| Missing Bond Receipt Forms                            |                          | X           | X*          | X*          |
| Lack of Proper Inventory Controls and Procedures      | X                        | X*          | X*          | X*          |
| Missing Traffic and Parking Tickets                   |                          | X*          | X*          | X*          |

\* Board agreed to implement Auditor's recommendations.

Other Items Noted:

- C In January 1998, the Board of Police Commissioners bid and purchased thirty-two high back chairs for the learning center totaling \$22,048 or \$689 per chair; however, the low bid totaled \$14,080 for the same chairs. No documentation was provided to explain the basis or justification for awarding the bid to a vendor other than the low bidder.
- C We noted instances in which separate purchase orders totaling in excess of \$1,000 were issued to the same vendor within ten days of each other for the purchase of similar items. Department policy requires any purchase in excess of \$1,000 be bid by the department's Purchasing Division.
- C The State Auditor also noted that the department's Budget and Finance Division did not ensure all disbursements are supported by vendor-provided invoices which contain an adequate description of the goods or services needed. In addition documentation to support travel advances to employees was also lacking.
- C The department's accounting controls and procedures over monies collected need improvement as noted in pages 26 through 34 of the review.
- C As of September 1998, the Board of Police Commissioners was holding over \$79,000 in interest monies earned on Criminal Activity Forfeiture Act (CAFA) Funds. Article IX, section 7 of the Missouri Constitution relates to school funds. This provision states that all proceeds resulting from the forfeitures and fines collected shall be distributed annually to the schools.

SPECIAL REVIEW OF THE  
ST. LOUIS BOARD OF POLICE COMMISSIONERS

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

The Board of Police Commissioners of the  
St. Louis Police Department  
St. Louis, Missouri 63103

We have conducted a special review of the St. Louis Board of Police Commissioners (SLBPC). The scope of our review included, but was not necessarily limited to, the two fiscal years ended June 30, 1998. The objectives of this review were to:

1. Review certain revenues received and certain expenditures made by the St. Louis Police Department.
2. Review the cash balances and the related individual account balances of the Secretary's Account.
3. Review certain management practices and financial information for compliance with certain constitutional provisions, statutes, attorney general's opinions, and board policies as we deemed necessary or appropriate in the circumstances.
4. Follow-up on the status of recommendations made in our previous report.

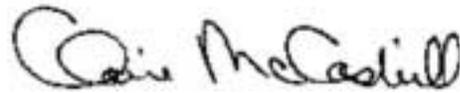
Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. The SLBPC had engaged KPMG Peat Marwick LLP, Certified Public Accountants (CPA), and Arthur Andersen LLP, CPA, to perform audits of the board for the years ended June 30, 1998, and 1997, respectively. To minimize any duplication of effort, we reviewed the reports and substantiating workpapers of these CPA firms. We also examined the SLBPC records we deemed necessary; made inquiries of SLBPC employees; and examined other papers and documents as deemed appropriate for the review.

As part of our review, we assessed the SLBPC's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information are presented for informational purposes. This information was obtained from the SLBPC's management and was not subjected to the procedures applied in the review of the SLBPC.

The accompanying Management Advisory Report presents our findings and recommendations arising from our review of the SLBPC.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

November 25, 1998 (fieldwork completion date)

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Current Recommendation

SPECIAL REVIEW OF THE  
ST. LOUIS BOARD OF POLICE COMMISSIONERS  
SUMMARY OF FINDINGS

1. Compensation and Personnel Matters (pages 9-16)

The SLBPC paid \$23,375 to the Chief of Police for unused vacation leave and discretionary holidays in 1997 and 1996. The department made expenditures totaling \$480,614 from grants for overtime payments to sergeants and above. The department made expenditures totaling \$61,563 for health and life insurance benefits for current and former commissioners. These expenditures are apparently in violation of state laws. The department does not have a written policy prohibiting the personal usage of department vehicles, the department does not require that mileage logs be maintained to ensure the vehicles were used for business purposes, and the working condition fringe benefit was not included as compensation on a civilian who was assigned a vehicle.

2. Budgets and Financial Reporting (pages 16-19)

A budget is not prepared for some funds controlled by the SLBPC. The department does not prepare monthly detailed financial reports for the board.

3. Bidding and Contracts (pages 19-24)

The SLBPC has not bid banking services. Bids were not always solicited in accordance with the department's bidding policy and adequate documentation was not maintained regarding the evaluation of bid proposals or the basis and justification for awarding the contract to a vendor other than the lowest bidder. Purchase orders in excess of \$1,000 were issued to the same vendor to acquire similar items without soliciting bids. The department did not have formal written agreements with some companies and individuals providing services and with not-for-profit organizations. The SLBPC had not assigned individuals with sufficient technical qualifications to monitor the management contract with Regional Justice Information Systems.

4. Disbursement Procedures (pages 24-26)

Expenditures totaling \$561,500 that were incurred in fiscal year 1998 were held and not paid until fiscal year 1999. Additionally, had these expenditures been charged against the 1998 budget, the department would have exceeded its budget authority. Cash advances totaling \$8,256 were made without a subsequent travel request report or supporting receipts. There were several expenditures which did not appear to be a necessary or prudent use of public funds. Adequate documentation was not available to support some disbursements and supporting documentation was not available for other disbursements. IRS Form 1099's are not being filed with the Internal Revenue Service.

5. Receipt Accounting Controls and Procedures (pages 26-34)

The department's accounting controls and procedures over receipts could be improved.

6. Inventory Controls and Procedures (pages 34-37)

A summary showing beginning inventory balances, purchases, issuances, and ending inventory balance for supplies and parts are not prepared. Some supplies were overstocked and obsolete. Fleet Services does not perform periodic physical inventory counts of the parts kept in stock. Periodic inventory is not performed by staff outside the Armory on the guns held in stock.

7. Traffic Ticket and Parking Tag Controls (pages 37-39)

The department does not account for tickets assigned and issued and their ultimate disposition. Ticket records were not retained in accordance with the Missouri Municipal Records Manual.

8. Cash Funds (pages 39-40)

There is no independent review of cash funds under the exclusive control of the Vice/Narcotics Division to ensure they are properly maintained.

9. State Forfeitures (pages 40-41)

The SLBPC was holding over \$79,000 in interest monies earned on Criminal Activity Forfeiture Act Funds. The SLBPC has been making a profit on the storage of vehicles which appears to conflict with state law.

10. Minutes of Meetings and Records (pages 41-42)

During some of the closed meetings, matters were discussed which do not appear to be allowed by state law. Various records were not retained in accordance with the Missouri Municipal Records Manual.

11. Fixed Asset Records and Procedures (pages 42-43)

The SLBPC's policy on fixed assets does not include procedures for performing an annual inventory. An annual physical inventory is not performed, additions and deletions of fixed assets are not recorded in the asset records as they occur, fixed asset additions are not reconciled to equipment purchases, and asset records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of the year.

12. Computer Controls (pages 43-45)

The department has no formal contingency plan for the computer system. Access to computer files and programs are not adequately restricted and numerous incorrect log-on attempts are not investigated on a periodic basis.

SPECIAL REVIEW OF THE  
ST. LOUIS BOARD OF POLICE COMMISSIONERS  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S CURRENT RECOMMENDATIONS

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|--|
| <b>1. Compensation and Personnel Matters</b> |
|--|

A. The SLBPC paid \$10,902 and \$12,473 to the Chief of Police for unused vacation leave and discretionary holidays in 1997 and 1996, respectively. The approval of these payments was documented as follows:

- 1) On December 27, 1995, the SLBPC approved a payment of \$3,443 to the Chief of Police for two weeks of unused vacation leave and two unused discretionary holidays.
- 2) In a memorandum dated July 17, 1996, the Board President authorized that the Chief be compensated \$2,984 for additional unused leave as of that date.
- 3) The SLBPC could not provide any documentation authorizing seven subsequent payments totaling \$16,948.

The compensation to be paid to members of the police force is not determined by the city of St. Louis or any of its agencies, but by the Missouri General Assembly. Section 84.160, RSMo 1994, establishes the compensation of members of the police force that the General Assembly has authorized the Board of Police Commissioners to pay. Further, the statute provides those ranks (police officers, sergeants and lieutenants) that may be paid for unused vacation time. Officers above the rank of lieutenant are not included in this authorization.

In Schoemehl v. Whaley, 598 S. W.2d 607 (Mo. App. 1980), the Court ruled that the SLBPC did not have the authority to depart from the salary statute and pay the Chief of Police for overtime. The Court also noted that the statute recognized that the Chief had "unique responsibilities" holding a "supervisory status which is incompatible with being strictly accountable for hours on the job. The ultimate responsibility for the police department rests in that office twenty-four hours a day."

By paying the chief for unused leave, the board has exceeded its authority and paid the chief an amount in excess of the salary that the General Assembly has authorized.

B. During the years ended June 30, 1998 and 1997, the department was involved in over twenty-five grant programs funded by state or federal agencies. These programs paid for certain officers' salaries, overtime, and fringe benefits. SLBPC information indicated that

\$242,069 and \$238,545 in expenditures related to overtime that was paid to approximately 96 officers ranking sergeant and above.

Under Section 84.160.4, the SLBPC is precluded from paying or allowing overtime compensation to any officers of the rank of sergeant or above. In addition, no other provision of Section 84.160, RSMo Cumulative Supp. 1998, authorizes or allows the board to pay additional compensation to such officers under the circumstances we reviewed. Therefore, SLBPC is apparently prohibited from paying overtime to sergeants and above.

- C. During the two years ended June 30, 1998, the SLBPC paid \$61,563 in health and life insurance for three current and nineteen former commissioners. Eleven of the former commissioners have been receiving health and life insurance benefits paid by the SLBPC for more than ten years. These former commissioners served between three months and seven years.

Section 84.160.10, RSMo 1994, requires the SLBPC to provide health and life insurance for current and retired officers and employees. Commissioners hold office pursuant to section 84.040, RSMo 1994; as such they are officers of the Board of Police Commissioners, not the police department. Section 84.030, RSMo 1994, indicates the terms of commissioners end through expiration, resignation, or death, not retirement. Therefore, it appears the commissioners are not entitled to life and health insurance benefits under Section 84.160.11, RSMo Cumulative Supp. 1998.

In addition, Section 84.040, RSMo 1994, sets compensation for commissioners at \$1,000 per annum. Therefore, it appears the insurance benefits represent additional compensation in apparent violation of Section 84.040, RSMo 1994.

A similar condition was also noted in our prior report.

- D. The SLBPC maintains 106 unmarked vehicles for various department officials, police officers, the Mayor of St. Louis, and the Governor. Most of these cars are permanently assigned and used exclusively by the abovementioned persons. According to SLBPC personnel, these vehicles have been driven over 4.5 million miles since the specific vehicles currently in use were purchased. During our review of the unmarked vehicles, we noted the following concerns:

- 1) The SLBPC does not have a written policy prohibiting the personal usage of department vehicles. The department indicated that some officials and police officers are on call 24 hours a day and are allowed to use cars for personal use. The SLBPC should establish a written policy restricting personal use of department vehicles to ensure that department assets are used for law enforcement purposes only. In addition, individuals are not required to maintain mileage logs

for these vehicles. Logs indicating miles driven and purposes of trips are necessary to ensure vehicles are justified for business purposes and used for business purposes.

This condition was also noted in our prior report.

- 2) Department officials are issued cars by the Fleet Services Division. The division is to notify the paymaster of all civilians who are assigned unmarked vehicles, so that compensation can be included on their W-2 forms. We noted one instance where the paymaster was not notified of a civilian who was assigned a vehicle and the working condition fringe benefit was not included as compensation. According to the civilian, the vehicle is used for commuting to and from work and no detailed log is maintained which distinguishes between business and personal usage.

Internal Revenue Service (IRS) guidelines require the value of the personal (commuting) use of a vehicle be included as compensation for tax purposes.

**WE RECOMMEND** the SLBPC:

- A. Discontinue the payment of unused leave and discretionary holidays to the Chief of Police. The SLBPC should also consider seeking reimbursement for the \$23,375 paid to the Chief of Police during 1997 and 1996.
- B. Discontinue overtime payments to officers with the rank of sergeant or above.
- C. Discontinue the practice of providing insurance benefits for current and former commissioners.
- D.1. Establish a policy prohibiting personal usage of unmarked vehicles and require mileage logs to be maintained for all unmarked vehicles.
  2. Comply with IRS guidelines for reporting fringe benefits relating to department-provided vehicles.

**AUDITEE'S RESPONSE**

- A. *Payments totaling approximately \$25,000 over a three year period authorized by the SLBPC to the Chief of Police were for actual duty time performed by the Chief of Police in lieu of his exercising his statutory right to paid vacation and holiday time. The payments were made in good faith and are based on the following authority and policy considerations:*

*To provide more flexibility in meeting its operational and management staffing needs, the SLBPC adopted a procedure by which all commissioned officers could receive compensation*

*for duty in lieu of vacation and holiday time. All commissioned officers irrespective of rank are statutorily entitled to paid vacation - - ranging from two (2) weeks to five (5) weeks, depending on length of service to the department - - and fifteen (15) paid holidays. See R.S. Mo. §84.140.*

*Officers of the rank of lieutenant and below may not be required to forego their vacation time and accept compensation, See R.S. Mo. §84.160(13), but State law does not, in any manner, limit the board's discretion to require senior command rank officers - - captains and above - - to forego their statutory right to paid vacation and holiday time. To account for this differing treatment, under State law, of senior command rank officers and officers of the rank of lieutenant and below, the board adopted the following, two-tier policy:*

*For officers of the rank of lieutenant and below, the department encourages and requires such officers to avail themselves of all vacation and holiday time. But the Chief of Police may establish a voluntary system of compensation for duty in lieu of vacation or holiday time for such officers by submitting to the board for its approval, as part of the budgetary process for each fiscal year, the procedures for implementation of such a system and the projected fiscal impact of such a system for the fiscal year at issue.*

*For officers of the rank of captain and above, including the Chief of Police, there is also a presumption that all such officers shall avail themselves of all vacation and holiday time. Nevertheless, if the Chief of Police determines that the senior staffing needs of the SLPD require any such officer to forego such vacation or holiday, the Chief of Police shall submit to the board for its consideration and approval the amount of compensation such officers are being required to accept in lieu of vacation time, including the identity of the specific officers at issue.*

*Adoption of this policy arose out of the duty demands placed on the Chief of Police which, since his appointment, required that he forego vacation and holiday time. The board considered it desirable to adopt a global policy - - i.e. one that governs all commissioned officers - - because the issue has, to date, only been considered on an ad hoc basis.*

*The State Auditor, relying on the appellate court decision in Schoemehl v. Whaley, 598 S.W.2d 607 (Mo. App. 1980), has expressed its view that the board has "exceeded its authority and paid the chief an amount in excess of the salary that the General Assembly has authorized." For the reasons that follow, the SLBPC respectfully suggests that it has the authority to require officers of the rank of captain or above, including the Chief of Police, to forego vacation and holiday time and receive compensation in lieu of such off-duty time, and that the State Auditor's reliance on Schoemehl v. Whaley is misplaced.*

*The question presented in Schoemehl was whether the Chief of Police was entitled to receive "overtime" pay. In considering that issue, and determining that the Chief of Police was ineligible to receive such compensation, the court was faced with a statute that expressly*

*prohibited payment of “overtime” compensation to any officer the rank of sergeant or above. Here, unlike in Schoemehl, not only is there no statutory prohibition against payment of compensation for duty in lieu of vacation time for any rank, all officers through the rank of Chief of Police are statutorily entitled to paid vacation and holiday time. R.S. Mo. §84.140.*

*The State Auditor correctly observes that the express statutory authorization for payment of compensation for duty in lieu of vacation time is directed towards officers of the rank of lieutenants and below. That authorization, however, is expressly linked to a prohibition against requiring such officers to forego any such paid time off.*

*Accordingly, the board is confronted with a situation in which it has authority to require senior command rank officers to forego vacation and holiday time to meet senior staffing needs. The same statutory scheme vests these officers with the right to paid vacation and holiday time. It appears to the board that the only way to reconcile its authority to compel senior officers to forego vacation and holiday time with the statutory right of senior officers to receive paid vacation and holiday, is to compensate these officers for vacation and holiday time lost to meet their duty demands.*

*Through adoption of rule described above, the SLBPC has closely prescribed the procedure under which such vacation and holiday compensation may be paid and has created a presumption in favor of all command rank officers availing themselves of all vacation and holiday time. Thus, in the SLBPC’s view, the rule, as adopted, comports both with good fiscal and personnel management as well as with State law which vests all officers with the right to paid vacation and holiday time.*

*As noted above, payments totaling approximately \$25,000 over a three year period to the Chief of Police were for actual duty time performed by the Chief of Police in lieu of his exercising his statutory right to paid vacation and holiday time.*

- B. No payments at overtime rates to officers ranking sergeant and above were made from the general revenue of the City of St. Louis. All such payments were from State and Federal grant agencies for the purpose of meeting the requirements of the grants. For the reasons that follow, the SLBPC respectfully suggests that such payments complied with both State and Federal Law:*

*Meeting special community needs through strategic deployment of personnel is a vital function of the SLPD. Many such strategic operations are funded with grants awarded by State and Federal agencies: sobriety traffic checkpoints; hazardous-waste moving law enforcement; “weed & seed” neighborhood intervention; juvenile curfew enforcement; domestic violence intervention.*

*In many instances, the outside granting agency - - through the grant application and award budgets - - contractually engages the department, through its commissioned personnel, to perform services outside of assigned personnel's regular duty time (i.e. "off duty" time). The grant thus provides funding for compensation to be paid at overtime rates which comply with federal Fair Labor Standards Act overtime requirements.*

*The State Auditor has correctly noted that, under R.S. Mo. §84.160(4), the SLBPC is precluded from paying overtime to officers ranking sergeants and above. The State Auditor also observes that grants from State and Federal agencies have funded overtime compensation to approximately 96 such officers. It is suggested that this practice may be inconsistent with statutory limitations on the payment of overtime.*

*The SLBPC respectfully disagrees with this suggestion. For more than twenty years, including all periods subject to the audit, the SLBPC has been consistent and scrupulous in confirming and ensuring that off-duty, overtime compensation paid through State and Federal grants comports with State and Federal law. The SLBPC's position is premised on the SLBPC's relationship to the City of St. Louis and how only that relationship - - not the SLBPC's relationship to Federal agencies and other State agencies - - is regulated by the statutory overtime restrictions.*

*The SLBPC is a creature of state law, created by the general assembly. Under certain statutorily prescribed powers and duties, the SLBPC "is made responsible for the establishment and control of the St. Louis police force; the City of St. Louis is prohibited from interfering with the powers, or the exercise of the powers, of the Police Board." State ex rel. Sayad v. Zych, 642 S.W.2d 907, 909 (Mo. 1982).*

*The State of Missouri, through legislative enactment, requires the City of St. Louis to fund the operations of the SLPD, with the priorities of such funding fixed by the SLBPC. The State's authority to compel such funding has the following legal underpinnings: The City of St. Louis is a subdivision of the State of Missouri and, as such, the "State has the power to compel municipalities to fund a police force. The general assembly has delegated this authority in the City of St. Louis to the Police Board; and to the extent of the state's power, the Police Board can require the City to appropriate the sum certified by the Police Board to the City." Id. at 910.*

*The SLBPC's authority to compel City funding is not, however, unfettered. In addition to limitations set forth in the Hancock Amendment to the Missouri Constitution (article X, section 21), the general assembly has, for example, imposed limitations on the number of commissioned officers the SLBPC may hire and the amount of basic compensation for which the SLBPC can compel the City of St. Louis to appropriate funding. By placing these and other limitations on how the SLBPC may encumber the City's general revenue, the general assembly has counterbalanced its assumption and delegation of City police power to the SLBPC.*

*Another such limitation restricts the board's ability to pay overtime to commissioned officers. Over the years, the scope of statutory overtime limitations has varied; currently, the SLBPC is prohibited from itself compensating commissioned officers the rank of sergeant and above.*

*When, in the late 1970's, the SLBPC was granted funding from sources other than the City's general revenue, the board formally considered whether statutory overtime limitations restrict the board's ability to make overtime payments out of outside funding sources. The SLBPC directed its inquiry to the City of St. Louis, the governmental agency for whose benefit the statutory limitations on overtime payments were enacted and, therefore, the agency that had the most direct interest in determining the limitation's application.*

*Specifically, in 1977, the SLBPC, through the City of St. Louis's Comptroller, sought the opinion of the City of St. Louis's law department concerning whether overtime payments to commissioned lieutenants financed through a Federal law enforcement grant implicated state law limitations on payments of overtime.*

*The City of St. Louis's law department concluded that they do not. The City reasoned that "payment of Federal grant funds to . . . two lieutenants for work and time they devote to carrying out grant projects for the Police Board, at times entirely unrelated to their normal duties and unassociated with their regular assignments, are matters within the lawful discretion of the board, and since such funds are not derived from municipal tax revenues of the City, [there is] no violation of Section 84.160(7), RSMo. (Laws 1977)."*

*In short, statutory limitations on the SLBPC's authority to pay overtime compensation are part of an integrated statutory scheme designed to limit the SLBPC's burden on the municipal fisc. Using funding from other governmental agencies to employ commissioned officers for services unrelated to the officers' normal duties and unassociated with their regular assignments is not inconsistent with these statutory limitations because these limitations are not intended to protect any funding source other than the general revenue of the City of St. Louis.*

*Indeed, the SLBPC is granted broad discretion to contract with outside entities and to apply outside funding as it sees fit.*

*Implied in the SLBPC's general authority to operate the police department is its power to contract with outside entities. See State ex rel. McNeal v. Roach, 520 S.W.2d 69, 74 (Mo. 1975). Indeed, the SLBPC is not only empowered but is required to "estimate revenues . . . from all sources including but not limited to, grants from Federal or State governments, governmental agencies or other grantors" and to "estimate the sum of money which will be necessary . . . to enable [it] to discharge the duties hereby imposed upon them, and to meet the expenses of the police department." R.S. Mo. §84.210.*

*No limitations relating to compensation for commissioned officer services performed outside of normal duty time is imposed on the SLBPC in connection with its power to contract with outside governmental agencies. Nor are these outside agencies in any manner limited in their ability to provide funding for these purposes. Indeed, the very purpose of many of such grants - - including those provided by the State of Missouri - - is to provide funding for supervisory officer service to the community outside of normal duty time. The contractual terms of such grants expressly provide this purpose and the revenue source arising from such grants is set forth in each annual budget document prepared by the SLBPC.*

*Accordingly, the SLBPC respectfully suggests that compensating officers out of funding sources other than those provided from the general revenue of the City of St. Louis for specific overtime services falls outside of statutory limitations of overtime compensation and falls squarely within the SLBPC's authority to enter into contracts and to budget for revenue derived from outside granting agencies.*

*C. No members of the SLBPC currently receive health or life insurance benefits. The SLBPC perceives it in the best interest of the department that no health or life insurance benefits be made available to current or future board members. Past members who receive such coverage and who, having detrimentally relied on past board policy, wish to continue such coverage, may continue such coverage provided that they reimburse the SLPD for its actual cost.*

*D.1. Unmarked vehicles are requisitioned to department personnel on a "take home" basis for assignments whose duty requirements include being on call 24 hours a day. The assignment of an unmarked vehicle to the Mayor, because of his ex officio status on the SLBPC, contemplates 24 hour law enforcement and public safety oversight. As to those personnel and that official there is no restriction placed on the personal use of such vehicles.*

*To the extent that unmarked vehicles are permanently assigned to personnel who do not have 24-hour law enforcement duties or are not permanently assigned to personnel on a "take home" basis, the SLBPC shall institute a written policy clarifying permissible vehicle uses.*

*2. The SLBPC has ensured that in those instances where the vehicle use is properly considered a benefit, the benefit is reflected on the form W-2 issued to the civilian employee.*

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| <b>2. Budgets and Financial Reporting</b> |
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The SLBPC receives funding from three different sources. These three sources are called the General Fund, department-generated revenues, and grant and contract revenues. Funds appropriated from the General Fund of the city of St. Louis for the Police Department are identified as the General Fund. The majority of the monies generated by the Police Department are

maintained in the Secretary's Account. Grant and contract revenues received from the St. Louis Community College and various state and federal agencies are identified as government grants and contracted services and placed in city special revenue accounts. During fiscal year 1998, the total expenditures from the General Fund and department-generated, grant, and contract revenues were approximately \$105 million and \$7.4 million, respectively.

A. Our review of the budgeting process revealed the following areas of concern:

- 1) The SLBPC does not prepare formal budgets of revenues, resources, and expenditures for the Secretary's Account funds and some government grant and contract funds. However, the SLBPC does submit some estimates of revenues for the Secretary's Account funds in the annual budget.

This condition was also noted in our two prior reports.

- 2) For the year ended June 30, 1998, we noted over \$1,700,000 of transfers from the General Fund to the Secretary's Account. Several funds within the Secretary's Account carried significant balances at June 30, 1998, as noted below:

|                           |            |
|---------------------------|------------|
| Year 2000 Contract        | \$ 275,150 |
| Personal Computer Upgrade | 275,000    |
| Photo Imaging             | 228,000    |
| Investigative Fund        | 28,232     |
| Sound System              | 20,000     |

These funds are held in reserve to cover future expenditures. If these monies had not been transferred to the Secretary's Account, the SLBPC would have lost the use of these funds because the city's expenditure system does not allow bills to be submitted for payment after the end of the fiscal year even if the expenditure was incurred prior to the end of the fiscal year. As noted above, the SLBPC does not prepare a budget for Secretary's Account funds.

Section 84.210, RSMo 1994, requires the SLBPC to submit a budget request to the city and requires the city to appropriate sufficient funds to operate the Police Department. Such estimate should include, but not be limited to, all reasonably anticipated revenues of the board from all sources including grants from the federal or state governments, governmental agencies or other grantors and forfeitures of property and proceeds of forfeited property, and line items for personnel, supplies, maintenance, repairs, services and contractual requirements, and a statement comparing receipts and expenses for the last prior full fiscal year, the current fiscal year, and the fiscal year to which the estimate pertains.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each unit or division. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources.

- B. The Budget and Finance Division does not prepare monthly detailed financial reports for the SLBPC, summarizing revenues, expenditures, and balances by type/fund for the Secretary's Account. Currently, the board is provided with a check register, a deposit report by sub-account, a bank statement, a statement of securities, and a summary report of checks reviewed by the Secretary to the Board.

Complete and detailed financial reports should be used to keep the board and citizens informed of the financial activity of the police department.

**WE RECOMMEND** the SLBPC:

- A. Prepare budgets of revenues, resources, and expenditures for the Secretary's Account and all grants and contracts. These budgets should be formally reviewed and approved by the board and used as guidelines for activity of these funds.
- B. Require the Budget and Finance Division to prepare complete and detailed periodic (monthly or quarterly) financial reports of the Secretary's Account for the board's review.

**AUDITEE'S RESPONSE**

- A.1. *The SLBPC concurs with the State Auditor's suggestion that funding expected from all sources be included in the SLBPC's annual budget certification. The majority of unencumbered funds maintained in the Secretary's Account are derived from Federal asset forfeiture revenues. When, in response to prior State audits, this suggestion was brought to the attention of the SLBPC, the SLBPC explained how the nature of asset forfeiture funding renders speculative predictions as to funding availability from fiscal year to fiscal year.*

*For the forthcoming fiscal year, and as part of its budget certification submitted to the City of St. Louis, the SLBPC has sought to provide, based on historical trends, an estimate of all funding which may come into the SLBPC possession during the ensuing fiscal year.*

- 2. *The SLBPC concurs with the State Auditor's view that "a complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each unit or division. A complete budget should include appropriate revenue and expenditure estimates by classification, and include*

*the beginning available resources and reasonable estimates of the ending available resources.”*

*The SLBPC has, as the Auditor has noted, deviated from practices which require expenditures to be made during the fiscal year in which they are budgeted. It has done so primarily in relation to capital improvement projects whose performance carries over to the next fiscal year (e.g. the telephone acquisitions) and for outstanding workers’ compensation payments similar to the City of St. Louis’s use of Public Facility Protection Corporation. In those circumstances, as the Auditor has noted, the encumbered funds are held in the Secretary’s Account for timely disbursement.*

*The SLBPC believes that through increased vigilance in contractual timing, the occurrence of these circumstances can be eliminated.*

- B. The SLBPC concurs that periodic, detailed and consolidated financial reports concerning the Secretary’s Account would assist in keeping the board and citizens informed of the department’s financial activity. While all of the information noted is reported to the SLBPC, the SLBPC agrees the better practice would be consolidated, periodic reporting of Secretary’s Account activity.*

*These consolidated financial reports shall be prepared on a quarterly basis, a periodic basis determined to be acceptable by the State Auditor.*

|                                 |
|---------------------------------|
| <b>3. Bidding and Contracts</b> |
|---------------------------------|

- A. On June 30, 1998, the SLBPC maintained over \$6.9 million in checking accounts and certificates of deposit (CD's) at one bank. The SLBPC has not bid any of its banking services. It appears the SLBPC could have earned additional interest income by soliciting bids on the purchase of CD's. In addition, the SLBPC could earn additional interest income by investing in CD's for longer than 30 days which is the investment period for all of the CD's the SLBPC currently holds. The amount of additional interest which could have been earned cannot readily be determined.

The SLBPC should choose its banking services through competitive bidding. Proposals should be solicited from area banks with the best, responsive proposals being used as the SLBPC depository bank or banks. This process would ensure that the SLBPC is obtaining the best possible banking services at the lowest cost and that the SLBPC is earning the highest possible return on invested monies.

This condition was noted in our two prior audit reports and the SLBPC in its response to the prior audit indicated that the department had been discussing with the City Treasurer's

Office the issue of seeking RFP's for banking services within the city. However, the SLBPC did not seek bids for any banking services.

B. The SLBPC has not consistently followed their written bid policy. The department's stated policy requires bids to be solicited for all purchases over \$1,000, and bids for purchases over \$5,000 to be published in the City Journal.

1) We noted several instances where either bids were not solicited in compliance with department policy, or bid documentation was not retained. Examples included:

|                           |           |
|---------------------------|-----------|
| Information management    | \$198,000 |
| Law enforcement equipment | 82,360    |
| Demolition                | 17,798    |
| Marble wall cleaning      | 7,000     |
| Computer equipment        | 6,744     |
| Landscaping               | 5,206     |
| Tires                     | 1,900     |

2) In July 1998, the SLBPC accepted a \$1,353,849 bid for the purchase of personal computer mobile laptops for law enforcement vehicles. The department received bids ranging from \$760,240 to \$1,747,453. The bid accepted was not the lowest bid, and adequate documentation was not maintained regarding the evaluation of bid proposals or the basis and justification for awarding the contract to a vendor other than the lowest bidder.

In January 1998, the SLBPC bid and purchased thirty-two high back chairs for the learning center totaling \$22,048; however, the low bid totaled \$14,080 and was for the same brand and style of chairs. No information was documented regarding the basis and justification for awarding the bid to a vendor other than the lowest bidder.

3) We noted instances in which separate purchase orders totaling in excess of \$1,000 were issued to the same vendor within ten days of each other to acquire similar items. As indicated above, department policy requires that any purchase in excess of \$1,000 be bid by the Purchasing Division. These instances included the following:

- On May 1, 1998 and May 4, 1998, the Purchasing Division issued what appeared to be identical purchase orders of \$932 each to the same company for medical accessories.
- On November 21, 1996, the Purchasing Division issued a purchase order for \$335 for embroidered shirts. On November 29, 1996, the Purchasing

Division issued two additional purchase orders for \$902 and \$141 to the same vendor.

The department's bid policy should be strictly followed. Competitive bidding helps ensure the department receives fair value by contracting with the lowest and best bidders. Bidding helps ensure all parties are given an equal opportunity to participate in the department's business. In addition, complete documentation should be maintained of all bids received. If other than the lowest bid is selected, the reasons should be adequately documented.

C. The department does not always obtain formal written agreements with companies or individuals providing services and with not-for-profit organizations receiving subsidies from the department.

1) During our review, we noted the following amounts paid during the two years ended June 30, 1998, for which there were no written agreements:

|                               |           |
|-------------------------------|-----------|
| Legal services                | \$ 14,321 |
| Construction                  | 15,692    |
| Tuition reimbursement program | 10,913    |
| Helicopter training           | 5,320     |
| Landscaping                   | 5,296     |
| Professional services         | 4,916     |
| Consulting services           | 4,400     |

2) During the year ended June 30, 1998, the SLBPC disbursed \$25,000 in asset forfeiture monies to a not-for-profit organization which recognizes youths for their outstanding achievements. The SLBPC also allows the not-for-profit to use office space in the headquarters building. In addition, the SLBPC also paid \$6,680 in fiscal year 1998 to another not-for-profit organization to finance various sporting activities for children.

The Missouri Constitution prohibits the use of public money or property to benefit any private individual, association, or corporations except as provided in the constitution. Without a written contract that clearly indicates the public services being provided by these organizations, these subsidies and uses could be considered to be in violation of the constitution.

Written contracts establish payment terms, clarify responsibilities and expectations of both parties, and help ensure the department receives the services it needs. Furthermore, Section 432.070, RSMo 1994, requires all contracts to be in writing.

D. A contract was initiated with Regional Justice Information Systems (REJIS) to temporarily manage the department's Information System Division. Under the contract, REJIS

provided the department with an on-site manager to supervise operations and additional personnel to aid with high-level tasks such as Year 2000 (Y2K) compliance issues.

This contract should be monitored by an individual with sufficient technical qualifications to make recommendations and judgements on the quality of the work performed. The individuals currently monitoring this contract for the SLBPC do not have an information systems background.

Conditions A, B.1., and C.1. were also noted in our prior report.

**WE RECOMMEND** the SLBPC:

- A. Obtain banking services through competitive bidding.
- B. Ensure bids are solicited for all applicable purchases in accordance with the department's policy. Documentation of the bidding process should be maintained in all cases. If the SLBPC believes it is not practical to obtain bids on certain purchases, documentation explaining why bids were not obtained should be maintained.
- C. Obtain written agreements specifying terms of payment and the responsibilities of both parties for all services received.
- D. Assign persons with sufficient technical knowledge to monitor contract compliance.

**AUDITEE'S RESPONSE**

- A. *The SLBPC concurs that selecting banking services through competitive bidding would help ensure that the SLBPC is obtaining the best possible banking services at the lowest cost and that the SLBPC is earning the highest possible return on invested monies. An RFP for banking services is currently being developed with the oversight by the SLBPC's Treasurer and Purchasing Member. The SLBPC is also investigating adopting cash management policies which mirror those jointly agreed to by the Mayor, the Comptroller, and the Treasurer of the City of St. Louis.*

*The SLBPC expects that an RFP will be published within ninety (90) days and that a competitively bid contract for banking services shall be in place at an early date during Fiscal Year 2000.*

- B.1. *The SLBPC concurs with the State Auditor's observations that "[t]he department's bid policy should be strictly followed," that "competitive bidding helps ensure the department receives fair value by contracting with the lowest and best bidders, that "[b]idding helps ensure all parties are given an equal opportunity to participate in the department's business," and that "complete documentation should be maintained of all bids received"*

and “[i]f other than the lowest bid is selected, the reasons should be adequately documented.”

Two exceptions, whose amounts comprise over ninety percent of funds at issue in the noted exceptions, bear the following comment:

- < *Information management - \$198,000. Under the purchasing policies of the SLBPC, certain personal services or “sole source” purchases may be contracted for without the necessity of competitive bidding. The SLBPC has a longstanding relationship with REJIS, a not-for-profit entity created by concurrent ordinances of the City of St. Louis and St. Louis County, to provide centralized information management services. As part of the department’s program for Y2K compliance of its information systems, and to enable the department to consider outsourcing portions of its information services, the SLBPC engaged the services of REJIS to provide information services for those purposes as a “sole source” exception to competitive bidding requirements.*

*The SLBPC, since the end of the subject audit period, has competitively bid and contracted for consulting services for a wider range of technology advice and direction, which includes services that were the subject of the identified exception.*

- < *Law enforcement equipment - \$82,360. The identified item refers to the purchase of weapon holsters. The department’s Armorer conducted a study to determine which holsters, produced by various manufacturers, best advanced officer safety. The product determined to be best suited for the department’s safety needs was produced by a single manufacturer and, thus, was a “sole source” purchase excepted from competitive bidding requirements.*

*The SLBPC, through its purchasing department and with the oversight of the SLBPC’s purchasing member, shall ensure that the decision making process in “sole source” purchases is better memorialized and that doubts concerning the applicability of competitive bidding processes shall be resolved in favor of competitive bidding.*

2. < *Mobile Laptops - \$1,353,849. The decision making process applied the nine, non-price, “must have” criteria set forth in the RFP: “ruggedized to MIL STD 810 D&E”; backlit keyboard; color & active matrix screen; CDPD modem compatibility; pointing device; Windows 95 or NT operating system; docking port; 133Mhz minimum speed; and 32 mb RAM (expandable to 64).*

*Of the 13 vendors who responded to the RFP with a bid, only three - - United Technologies (\$1,353,849), Capital Data (\$1,393,610.26), and St. Louis Electronics (\$1,747,453.75 [\$1,712,504.68, with city vendor discount]) - - satisfied all of the non-price criteria.*

*Of these three, United Technologies, the low bidder, was selected. To the extent documentation made available at the time of the audit was insufficient for the State Auditor to determine this decision making process, the SLBPC, through its purchasing department, shall ensure that all such material is better collected and collated for future acquisitions.*

*< Thirty-two chairs (each \$689) for Academy Learning Center. The subject chairs were not, as the State Auditor correctly observes, the lowest bid for the product. They were, however, part of an overall bid for furniture that, in the aggregate, presented the lowest overall bid. The vendor failed to perform under the contract. The SLBPC concurs that the subject chairs then should have been rebid. Because of this experience, the purchasing division is now particularly mindful of the perils of aggregate bids. The SLBPC will ensure that this exception will not reoccur by adding controls calculated to prevent such exceptions.*

3. *The SLBPC concurs that the department's bid policy should be strictly followed. In light of the noted exceptions, which arose in circumstances where individual orders were close to the \$1,000 bidding threshold, the SLBPC's purchasing division has implemented added controls calculated to prevent such exceptions from reoccurring.*

C. *The SLBPC concurs with the State Auditor's recommendation that any doubts concerning the need for written contracts for services provided should be resolved in favor of preparing such contracts to clarify the responsibilities and expectations of the parties, to confirm payment terms, and to ensure the department receives the services it needs.*

*The SLBPC shall require better coordination between the purchasing and legal departments to avoid recurrence of these exceptions.*

*The SLBPC concurs with the principles underlying the State Auditor's recommendation and is preparing procedures to rectify this situation. The SLBPC nevertheless questions whether the requirements of R.S. Mo. §432.070 apply to the SLBPC in that statute, by its terms, refers only to a "county, city, town, village, school township, school district or other municipal corporation."*

D. *Many technical functions of any organization are overseen by managers who, while not having the full extent of technical expertise of the direct service provider, are sufficiently experienced and resourceful as managers to test the sufficiency of technical services provided. A senior command officer experienced in management and technology issues and the department's chief financial officer were assigned to manage the REJIS contract.*

*As part of the department's technology enhancement initiative, which include timely completion of Year 2000 (Y2K) compliance and other high level technology tasks, the Chief of Police has detached a deputy chief of police who, with the assistance of a highly trained competitively-bid outside consultant acting as his aid, shall make recommendations and*

*judgments on the quality of work performed by outside vendors in such high-level technology tasks.*

**4.**

#### **Disbursement Procedures**

- A. The Budget and Finance Department stopped processing invoices on June 24, 1998. Approximately \$561,500 in expenditures that were incurred in fiscal year 1998 were held and not paid until fiscal year 1999. We noted expenditures with invoice dates in February, April, and May 1998 that were not processed and paid until August 1998. Had these expenditures been charged against the 1998 budget, the department would have exceeded its budget authority by approximately \$559,800. As noted earlier in this report, the SLBPC transferred over \$1,700,000 from the city's General Fund to the Secretary's Account. Of this amount over \$826,000 remained in the Secretary's Account at June 30, 1998, which contributed to the SLBPC's overspending its city General Fund budget.

Section 84.210.2, RSMo Cumulative Supp. 1998, provides that the amount of claims and salary shall not exceed, in any one year, the amount estimated for that year to the city. In addition, good business practice requires the department to make expenditures in a timely manner.

- B. During our review of the department's disbursements, the following concerns were noted:
- 1) Adequate supporting documentation was not available to support some disbursements and no supporting documentation was available for other disbursements which totaled approximately \$118,117. These disbursements were for a variety of items, including credit card bills, luncheons, consultant and legal services, reimbursements for tuition, motel and room charges, tools, and miscellaneous supplies.
  - 2) The department provides travel advances for employees attending training seminars, conferences, and other travel. Subsequently, the employee will complete a travel request report and turn in appropriate receipts. Some cash advances, totaling \$8,256, selected for review contained no travel request report or supporting receipts.

All disbursements should be supported by detailed expense accounts, paid receipts, contracts, or vendor provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds. Additionally, cash advances not supported by documentation of expenses could be improper disbursements of public monies. Therefore, all cash advances should have documentation to support the nature and reasonableness of the costs and any unspent monies should be promptly returned to the department.

- C. During the two years ended June 30, 1998, approximately \$5,300 of disbursements were made for which a public purpose was not demonstrated or documented. Monies were spent on luncheons and receptions, flower funds held by various units, various food and beverage items, and a cash payment for a distinguished service citation.

These disbursements do not appear to be a prudent use of public funds.

- D. For calendar year 1997, the department did not prepare IRS Forms 1099-MISC for some applicable situations. Six businesses performed services for the department and were paid in excess of \$600 from the Secretary's Account, but Forms 1099's were not filed for these businesses. Sections 6041 through 6051 of the Internal Revenue Code require nonemployee payments totaling \$600 or more in one year to an individual or unincorporated business be reported to the federal government on this form.

**WE RECOMMEND** the SLBPC:

- A. Review the impact of the fiscal year 1998 expenditures which were held and charged against the 1999 budget and make any necessary revisions. In addition, the SLBPC should ensure that all invoices are processed and paid on a timely basis.
- B. Require the Budget and Finance Division to ensure all disbursements are supported by travel request reports, paid receipts, and/or vendor-provided invoices which contain an adequate description of the goods or services received.
- C. Ensure disbursements are necessary and prudent uses of public funds.
- D. Ensure Form 1099's are prepared and submitted as required.

**AUDITEE'S RESPONSE**

- A. *The SLBPC concurs with the State Auditor's view that "a complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost expectations for each unit or division. A complete budget should include appropriate revenue and expenditure estimates by classification, and include the beginning available resources and reasonable estimates of the ending available resources."*

*The SLBPC has, as the Auditor has noted, deviated from practices which require expenditures to be made during the fiscal year in which they are budgeted. It has done so primarily in relation to capital improvement projects whose performance carries over to the next fiscal year (e.g. the telephone acquisitions) and for outstanding workers' compensation payments similar to the City of St. Louis's use of Public Facility Protection Corporation.*

*In those circumstances, as the Auditor has noted, the encumbered funds are held in the Secretary's Account for timely disbursement.*

*The SLBPC believes that through increased vigilance in contractual timing, the occurrence of these circumstances can be eliminated.*

- B. The SLBPC concurs that “[a]ll disbursements should be supported by detailed expense accounts, paid receipts, contracts, or vendor provided invoices to ensure the obligations were actually incurred and the disbursements represent appropriate uses of public funds.” The SLBPC is in the process of collecting supporting documentation for all exceptions noted by the State Auditor.*

*Moreover, the SLBPC will improve the clarity of instructions to personnel as to what form of documentation is required for advances and reimbursements so that exceptions of this type will not reoccur.*

- C. The SLBPC acknowledges that, on their face, the exceptions noted by the State Auditor could appear to be tangential to the department's public function. The SLBPC seeks to expend such funds to serve bona fide public purposes of recruitment of officers, promoting collaboration between law enforcement agencies, and improving employee morale. The SLBPC shall nevertheless reevaluate expenditures of this type and will resolve any question as to public purpose in favor of seeking private funding for such purposes.*
- D. The SLBPC's purchasing division has put controls in place to ensure that all service providers are issued Form 1099's as required by the Internal Revenue Code.*

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| <b>5. Receipt Accounting Controls and Procedures</b> |
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The SLBPC receives money from various sources. These monies are normally received and accounted for by the department's Budget & Finance Division. Other areas within the police department that collect monies are the Records Room, the Academy Fitness Center, the Crime Prevention/Alarm Unit, the Private Security Unit, and Prisoner Processing Units. We noted the following concerns with procedures regarding the handling of monies:

- A. The Budget and Finance Division is the main fiscal office of the police department. They are responsible for budgeting, accounting and depositing of most of the money that the police department receives. The Budget and Finance Division works with monies of the General Fund and Secretary's Account and grant receipts. We noted the following areas of concern in the Budget and Finance Division:

  - 1) The division receives cash, checks, and money orders from various sources. Receipt slips issued by the division do not always indicate the method of payment

received. In addition, the amount of cash, checks, and money orders according to the receipt slips issued is not reconciled to the deposit amounts. To ensure payments are deposited intact, the method of payments should be indicated on all receipt slips issued. The composition of receipt slips issued should be reconciled to the composition of bank deposits.

- 2) Receipts are not deposited or transmitted on a timely basis. We noted instances where monies were held between two and eight days before being deposited in the Secretary's bank account or transmitted to the City Treasurer. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits and transmittals should be made daily or when accumulated receipts exceed \$100.
- 3) Checks and money orders received are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- 4) The police department was holding approximately \$27,000 in the Secretary's checking account as of June 30, 1998, that was due to the City Treasurer. Approximately \$20,800 of this amount has been held for over two years. This money was from employees reimbursing for lost identification and parking tags, insurance reimbursements, and other revenues that are usually turned over to the city. Monies held for the city of St. Louis should be disbursed in a timely manner.
- 5) The police department deposits some revenues, such as, reimbursements for warranty work performed by Fleet Services and the sale of brass into the Secretary's Account. These monies are held for the division to spend as needed. The salaries of the mechanics who performed the warranty work and the ammunition were paid by the city's General Fund. Any revenues or reimbursements that are earned should be returned to the city's General Fund to offset the expenditures.
- 6) The Secretary's Account contains several sub-accounts functioning as receivable and liability accounts. The SLBPC does not have adequate controls in place to ensure that all monies advanced or owed are accounted for properly.

For example, the SLBPC advances monies from the Secretary's Account to officers of the Warrant and Fugitive Section to pay the cost of extraditing prisoners from other states. The state reimburses the police department for the cost of extradition; however, the reimbursement checks are made payable to officers, instead of being made payable to the police department. The reimbursements are to be turned over to the Budget and Finance Division immediately upon receipt. The Budget and Finance Division maintains a sub-account in the Secretary's Account to track these advances. At June 30, 1998, the balance in the sub-

account was approximately \$58,400. The Budget and Finance Division does not perform a reconciliation of advances still outstanding to reimbursement checks received from the state.

To ensure reimbursements are collected and properly remitted, the SLBPC should reconcile reimbursements received to the corresponding liability account on a monthly basis.

- B. The Records Room and the Correspondence Unit collects monies from individuals, attorneys and insurance companies for copies of records checks, police reports, and photographs. The Correspondence Unit transmits the money to the Records Room. The Records Room prepares the deposit and then transmits the deposit to the Budget and Finance Division for safekeeping until picked up by the courier. The Records Room collected approximately \$292,000, \$316,000, and \$319,000 in fiscal years 1998, 1997, and 1996, respectively. We noted the following areas of concern in the Records Room and Correspondence Unit:

- 1) Accounting duties for the photographs, computer runs, and 911 tapes are not adequately segregated. Currently, one clerk in the Correspondence Unit has the responsibility of receiving orders, billing, collecting monies, and distributing the orders.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. Internal controls could be improved by segregating the duties of receiving orders and billing from that of collecting monies and distributing the orders. If proper segregation of duties cannot be achieved, at a minimum there should be a documented independent comparison of invoices to amounts transmitted.

- 2) Although the Records Room and Correspondence Unit issues prenumbered cash invoices for the payment of fees, the Records Room does not account for the numerical sequence. The cash invoices serve as the individuals' and Records Room receipt. To provide assurance all monies are properly transmitted to the Budget and Finance Division, the numerical sequence of cash invoices should be accounted for properly.
- 3) The Records Room accepts cash, checks, and money orders for the payment of fees. Cash invoices issued by the Records Room do not indicate the method of payment received. To ensure payments are transmitted intact, the method of payments should be indicated on all cash invoices issued. The composition of cash invoices issued should be reconciled to the composition of transmittals to the Budget and Finance Division.

C. The Academy Fitness Center sells memberships to city, state, and federal employees. Membership fees are \$90 for a full year and \$45 for a half year. These monies are received by the Fitness Center employees and are transmitted to Budget and Finance Division for deposit. We noted the following areas of concern in the Academy Fitness Center:

- 1) Accounting duties are not adequately segregated. Currently, all record-keeping responsibilities, including receiving, recording, and transmitting the monies are performed by the three Fitness Center employees.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are properly safeguarded. Internal controls could be improved by segregating the duties of receiving and transmitting fitness center monies from that of recording receipts. If proper segregation of duties cannot be achieved, at a minimum there should be a documented independent comparison of receipt slips to amounts transmitted.

- 2) Receipts are not transmitted on a timely basis. Transmittals are generally made once a week and average \$536. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.
- 3) The Fitness Center accepts cash and checks for the payment of membership fees. Receipt slips issued by the Budget and Finance Division for amounts transmitted indicate the composition of monies transmitted, however, to ensure all monies have been transmitted intact, the composition of monies transmitted should be reconciled to the composition of receipt slips issued by the Fitness Center.

D. The Crime Prevention/Alarm Unit collects monies for security system false alarms. The fee structure for the false alarms was established by city ordinance 8.13.050. The Crime Prevention/Alarm Unit collected approximately \$77,300, \$79,300, and \$112,900 in fiscal year 1998, 1997, and 1996, respectively. We noted the following areas of concern in the Crime Prevention/Alarm Unit:

- 1) Accounting duties are not adequately segregated. Currently, one clerk prepares the billing invoices, receives the collections, and prepares the deposits. This same clerk also sends out delinquent notices, investigates differences between the unit and the alarm user, and writes off uncollectible accounts without supervisory approval. In addition, no one prepared an independent reconciliation of the amounts receipted and deposited, to the payments recorded on the computer.

To ensure all billings are accounted for properly and that all potential revenues are collected and deposited, the duties of recording receipts, preparing billing invoices and/or delinquent notices should be segregated from that of receiving and depositing monies. A reconciliation is also necessary to ensure all receipts have been properly recorded and deposited. The write off of any unpaid amounts should have prior supervisory approval.

- 2) Prenumbered receipt slips are not issued for all monies received. Payments received through the mail are not issued a receipt slip. To adequately account for all alarm fees received, prenumbered receipt slips should be issued for all monies received.
- 3) Receipts are not deposited on a timely basis. Deposits are generally made twice a month and average over \$3,500. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.
- 4) Checks and money orders received are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.
- 5) Crime Prevention/Alarm Unit records indicate accounts receivable totaled \$341,740 as of October 3, 1998. Several receivables have been outstanding since January 1992. Accounts receivable are not reviewed on a periodic basis to determine the collectability of the accounts and to turn over delinquent receivables for prosecution. City ordinance 8.13.050 states failure to pay the aforesaid false alarm fines within ten days from the date of notification shall constitute a violation and result in prosecution of the subscriber.

E. The Private Security Unit collects monies from individuals and companies for the licensing of individuals as watchmen, security officers, corporate security advisors, and metro licenses. The private security unit collected approximately \$70,800, \$99,500, and \$99,600 in fiscal year 1998, 1997, and 1996, respectively. We noted the following areas of concern in the Private Security Unit:

- 1) Monies received are not always deposited intact. Personal checks are occasionally cashed from cash collections. As a result, the composition of receipts does not always agree to the composition of deposits.

To adequately safeguard against theft or misuse of funds and to provide assurance that all receipts are accounted for properly, all receipts should be deposited intact daily, and there should be a documented independent comparison of the composition of receipts to the composition of deposits.

- 2) Advance payments from companies are not entered in the cash register. To help ensure collections are properly recorded and deposited, advance payments should be entered in the cash register.

F. The department collects bond monies at headquarters (prisoner processing) for two types of bonds--city ordinance and fugitive. City ordinance bond monies are also collected at the three area superstations or command centers. City ordinance bonds are posted for city ordinance violations. Fugitive bonds are collected for persons arrested on warrants issued by other law enforcement agencies. Our review of bond collection procedures and records noted the following concerns:

- 1) Standard record-keeping procedures for city ordinance bonds have not been developed at the area command centers. In addition, the numerical sequence of bond forms is not accounted for by the area command centers. The numerical sequence of bond receipt forms issued should be accounted for to ensure all monies receipted have been properly recorded and transmitted to the city traffic violation bureau (TVB).

This condition was noted in the prior report.

- 2) The three area superstations collect city ordinance bond monies. Bond monies transmitted to the TVB are not periodically reconciled to the area superstation's records of bond monies collected. To adequately account for all bond monies received, bond monies transmitted to the TVB should be periodically reconciled to the area superstation's records by an independent person.
- 3) City ordinance bond monies are not transmitted on a timely basis. We noted instances where cash bonds were held between two and seven days before being transmitted to the TVB. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, transmittals should be made daily or when accumulated receipts exceed \$100.

**WE RECOMMEND** the SLBPC:

- A.1. Indicate the method of payment on all receipt slips issued and reconcile total cash, checks, and money orders received to bank deposits.
2. Deposit or transmit receipts daily or whenever accumulated receipts exceed \$100.
3. Restrictively endorse all checks and money orders immediately upon receipt.
4. Transmit monies due to the city on a timely basis.

5. Deposit monies received into accounts from which the corresponding expenditures were paid.
  6. Establish adequate controls and records to account for receivables and liabilities maintained in the sub-accounts.
- B.1. Adequately segregate duties between available employees and/or establish a documented periodic review of records by an independent person.
2. Account for the numerical sequence of cash invoices.
  3. Indicate the method of payment on cash invoices issued and reconcile total cash, checks, and money orders received to transmittals to the Budget and Finance Division.
- C.1. Adequately segregate duties between available employees and/or establish a documented periodic review of records by an independent person.
2. Transmit receipts daily or whenever accumulated receipts exceed \$100.
  3. Reconcile the composition of receipt slips issued by the Fitness Center to the composition of amounts transmitted to the Budget and Finance Division.
- D.1. Adequately segregate accounts receivable record functions from access to receipts. If adequate segregation is not possible, someone independent of these processes should reconcile receipt slips to deposits and to payments posted to the computer. In addition, SLBPC should require supervisory review and approval of all write offs.
2. Issue prenumbered receipt slips for all alarm fee monies received and account for the numerical sequence. In addition, the alarm fee monies received by the Crime Prevention/Alarm Unit should be reconciled to the deposit.
  3. Deposit or transmit receipts daily or whenever accumulated receipts exceed \$100.
  4. Restrictively endorse all checks and money orders immediately upon receipt.
  5. Implement procedures regarding the determination of uncollectible accounts receivable. Amounts deemed uncollectible by the unit should be referred to the city for prosecution.
- E.1. Discontinue the practice of cashing checks, deposit all receipts intact, and require the reconciliation of the composition of receipts to the composition of deposits by an independent person.

2. Enter all monies received in the cash register.
- F.1. Develop departmentwide standard record keeping procedures for city ordinance bond receipt forms so that city ordinance bond receipt forms are issued and filed in numerical sequence, the sequence is accounted for, receipt numbers are recorded on the bond logs, and receipts are agreed to transmittals.
  2. Ensure bond monies transmitted to the TVB are reconciled to the area superstation's records by an independent person.
  3. Transmit bond monies daily or whenever accumulated receipts exceed \$100.

**AUDITEE'S RESPONSE**

- A. *The SLBPC concurs with the recommendations of the State Auditor and has responded as follows:*
- 1) *All receipt and deposit slips are recorded by composition and are reconciled against one another.*
  - 2) *Although all receipts are secured in the department safe immediately upon receipt, the SLBPC's budget and finance division shall use its best efforts to deposit accumulated receipts in excess of \$100 on a daily basis.*
  - 3) *Although all checks and money orders are secured in the department safe immediately upon receipt, they are now restrictively endorsed upon receipt as well.*
  - 4) *The purpose for which excepted reimbursement was made was undetermined for an extended period of time. It has since been determined and appropriately disbursed. This was an unusual circumstance that is not likely to reoccur.*
  - 5) *The SLBPC concurs that reimbursements for warranty work and sale of brass be credited to the city's general fund as a net reduction in the SLPD's expenditures.*
  - 6) *The SLBPC, through its budget and finance division, has implemented the suggested controls on its receivable and liability accounts, with the specific suggestion concerning costs of the Warrant and Fugitive Division that the receivables would be handled through the city's computer software operations and that it be monitored by the Correspondence Investigation Division Commander through his chain of command as promogulated by procedures documented in the police manual drafted by the Divisions of Planning and Development and Budget and Finance.*

- B. *The SLBPC's concurs with the recommendations of the State Auditor, including those relating to composition of receipts and deposit of funds. Implementation of these recommendations shall be assisted by the internal auditor and newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*
- C. *The SLBPC's concurs with the recommendations of the State Auditor, including those relating to composition of receipts and sequencing of cash invoices. Implementation of these recommendations shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*
- D. *The SLBPC's concurs with the recommendations of the State Auditor, including those relating to composition and sequencing of receipts, and restrictive endorsement and timely deposit of receipts. Implementation of these recommendations shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

*The SLBPC notes, however, that the Crime Prevention/Alarm Unit is a creature of ordinance which imposes a fine on persons who permit false alarms for police service. The ordinance imposes on the department the obligation to collect the specified fine.*

*Other agencies of city government are better suited than the St. Louis Metropolitan Police Department to perform this function. Plainly put, the department's mission is crime fighting and public safety, not bill collecting. The SLBPC, while exercising its best efforts to respond to the observations of the State Auditor concerning this function, shall seek a transfer of this function through ordinance to an agency of City government organized to perform the fine collecting responsibilities of the current ordinance.*

- E. *While all funds collected by the department's private security division were fully accounted for during the audit period and all funds were maintained in a secure location at all times, the SLBPC has implemented controls which shall further reduce even the potential for theft or misuse of funds. By order of the Chief of Police, any practices that led to the cashing of personal checks has been discontinued and shall not reoccur. Additional coding has been added to cash register transactions. Deposits shall be accompanied by an itemized composition, with comparison to the composition of receipts, and best efforts shall be made to ensure deposits are made daily.*
- F. *The SLBPC's concurs with the recommendations of the State Auditor, including standardization of record-keeping among the area command centers, reconciliation of bond monies collected, transmittal of bond monies, and timely deposit of receipts. Implementation of these recommendations shall be assisted by the internal auditor and the newly-formed*

*Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

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| <b>6. Inventory Controls and Procedures</b> |
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A. The department operates a supply warehouse (Supply Division) which stocks various items used by the department. During our review of the Supply Division we noted the following concerns:

- 1) The Supply Division maintains a report which tracks the monthly usage of each supply item, and an average monthly usage is calculated based on this information. The Supply Division does not periodically prepare a report including the beginning balance, supply issuances, purchases and ending balances for each item. A summary report would allow the division to determine, in one report, the transaction history for each part for the period covered by the report, which could aid in reordering and allow monitoring of inventory activity.
  
- 2) During our review we examined selected stock items to determine if the Supply Division was maintaining stock in excess of the department's needs. We noted several items which appeared to have excessive quantities on hand. Some of the excessive quantities noted included:

| Supply Item                    | Quantity on Hand | Monthly Usage During Fiscal Year 1998 | Number of Months Supply on Hand | Total Inventory Cost |
|--------------------------------|------------------|---------------------------------------|---------------------------------|----------------------|
| 1 Part Stocktab                | 504              | 38                                    | 13                              | \$ 7,288             |
| 2 Part Stocktab                | 86               | 5                                     | 18                              | 2,448                |
| Laser Jet Toner Cartridge      | 387              | 30                                    | 13                              | 10,643               |
| 11 1/2 X 14 Gum/Flap Envelopes | 108,070          | 858                                   | 126                             | 8,646                |
| Record Books                   | 446              | 29                                    | 15                              | 3,804                |
| Small Evidence Bags            | 5,254            | 628                                   | 8                               | 2,049                |
| Evidence Pistol Envelope       | 6,396            | 245                                   | 26                              | 5,948                |
| Property Envelope              | 43,879           | 5,099                                 | 9                               | 3,949                |
| Total                          |                  |                                       |                                 | \$ <u>44,775</u>     |

Supply Division personnel indicated that a portion of the overstock items were due to incorrect minimum stock level quantities and reorder amounts, and changes in the usage. To adequately minimize inventory costs, the Supply Division should evaluate the reorder quantities and usage to ensure supplies do not exceed expected usage.

- 3) During our review for excessive stock quantities we noted several items which appeared to be obsolete. Some of the obsolete items noted included:

| Part Item                     | Quantity on Hand | Total Inventory Cost |
|-------------------------------|------------------|----------------------|
| Laser Toner EP                | 9                | \$ 729               |
| 3 Part Continuous Feed Paper  | 28               | 510                  |
| 20 Meg Bernoulli Cartridge    | 4                | 560                  |
| Okidata Toner Cartridge       | 15               | 615                  |
| Copy Cartridge 5012/5014/1012 | 3                | 1,029                |
| Fatal Bullet Expands          | 1,800            | 1,764                |
| Total                         |                  | \$ 5,207             |

Supply Division personnel indicated that a portion of the obsolete items were due to changes in usage or disposal of the fixed assets, such as copy machines and typewriters. The Supply Division has contacted several units within the police department inquiring about the usefulness of these items. To adequately minimize inventory costs, the Supply Division should evaluate usage to ensure supplies are investigated for obsolete items.

- B. The department operates a service garage (Fleet Services) to perform maintenance on department vehicles. Fleet Services maintains an inventory of gasoline, lubricants, and auto parts and supplies. The following concerns regarding records and procedures at Fleet Services were noted:
- 1) Fleet Services prepares separate purchase and issuance reports; however, a summary report that shows the beginning balance, purchases, issuances, and ending balance for each part is not periodically prepared. A summary report would allow Fleet Services to determine, in one report, the transaction history for each part for the period covered by the report, which could aid in reordering and allow monitoring of inventory activity.
  - 2) Fleet Services does not perform periodic physical inventory counts of the parts kept in stock. According to department personnel, periodic spot checks are performed on the parts inventory; however, these spot checks are not documented. Fleet Services does perform annual physical inventory counts. Without periodic inventory records, Fleet Services cannot obtain assurance that inventory is accounted for properly.
- C. The department maintains firearms, ammunition, and various related supplies in the Armory. The guns held in stock in the Armory are not periodically counted, and a periodic inventory count is not performed by staff outside the Armory. Without periodic inventory

counts which are reconciled to perpetual inventory records, the Armory cannot obtain adequate assurance that inventory is accounted for properly.

Conditions similar to A.2. and B.1. were also noted in our prior report.

**WE RECOMMEND** the SLBPC:

- A.1. Prepare a quarterly report that shows the beginning balance, purchases, issuances and ending balance for each supply item.
- 2. Order supplies based on expected usage to reduce excessive supply inventories.
- 3. Determine if any of the obsolete items can still be used, and properly dispose of those items that are no longer used.
- B.1. Prepare a quarterly report that shows the beginning balance, purchases, issuances and ending balance for each part.
- 2. Ensure a periodic physical count of inventory is performed quarterly by an employee independent of parts operations. The results of that inventory should be compared to the inventory records and discrepancies should be investigated in a timely manner.
- C. Ensure a periodic physical count of inventory is performed at least quarterly by an employee of the Armory and annually by an employee independent of the Armory. The results of that inventory should be compared to the inventory records and discrepancies should be investigated in a timely manner.

**AUDITEE'S RESPONSE**

- A. *The SLBPC concurs with the recommendations of the State Auditor and notes that newly implemented bar coding technology should assist in achieving the recommended action. Implementation of these recommendations also shall be assisted by the internal auditor and the newly-formed Financial Control Quality Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*
- B&C. *The SLBPC concurs with the recommendations of the State Auditor. Implementation of these recommendations, including those relating to inventory count, shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

7.

**Traffic Ticket and Parking Tag Controls**

The SLBPC issues traffic ticket summonses (UTT's) and parking tags for violations of state laws and city ordinances. The Supply Division maintains a stock of UTT's and parking tags. The area stations and other patrol units requisition cases of tickets and tags as needed. Officers are assigned ticket books from the patrol unit's supply cabinet and the officers are supposed to sign a log indicating the ticket numbers they receive. A cover sheet and completion sheet are included in each ticket book which are to be filled out by the officer and submitted to the commanding officer as the books are started and finished. The cover and completion sheets are forwarded to Information Services Division (ISD) where they are filed in numerical order, retained approximately one year, and subsequently discarded. As tickets are issued or voided, the commanding officer reviews the ticket, batches the tickets, prepares a transmittal log, and forwards the tickets to ISD for data entry. After data entry, the tickets are transmitted to the city of St. Louis Traffic Violation Bureau for processing. The parking tags are forwarded to the St. Louis City Treasurer's Office for processing and collection. Copies of ticket transmittal envelopes are returned to the area stations.

Our review of ticket procedures and records disclosed the following concerns:

- A. The department does not ensure logs of ticket books assigned to officers are completed. The name of the officer receiving each book was not always documented, as well as the date the books were received. In addition, we noted that ticket books were not always assigned to the officers in numerical sequence, and we noted one instance where the officer did not issue his tickets in numerical sequence.
- B. ISD discards the cover and completion sheets after approximately one year, so the audit trail for tickets is lost. In addition, the divisions assigning tickets only maintain their ticket logs for thirteen months.
- C. The department does not account for tickets assigned and issued and their ultimate disposition. During our review of ticket procedures, we noted that five out of the 100 UTT's tested had been voided by the officers and not turned over to their supervisors in accordance with department policy. The department does not ensure that voided tickets are handled properly. We also noted that although the system is in place to account for the numerical sequence of the tickets issued, a report of tickets issued is not generated to account for the numerical sequence.

Without a proper accounting of the numerical sequence and disposition of tickets the police department cannot be assured that all tickets issued were properly submitted to the court for processing. Records listing the ticket books assigned, each ticket number, issuing officer, the date issued, the violator's name and the ultimate disposition of each ticket should be maintained to ensure all tickets have been accounted for properly. Additionally, the Missouri Municipal Records Manual published by the Secretary of State's Office, Records Management and Archives Service, generally requires maintenance of these types of documents from two to five years.

Similar conditions were also noted in our two prior audits.

**WE AGAIN RECOMMEND** the SLBPC:

- A. Require the area stations and other patrol units to maintain accurate and complete logs of traffic and parking tickets received and issued. Ticket books should be assigned to officers in numerical order and the officers should issue all tickets in numerical order.
- B. Require ISD maintain a permanent record of books started and completed, and maintain these records in accordance with the police policy. In addition, the SLBPC should review the record retention policy and revise the policy to meet the requirements of the Missouri Municipal Records Manual.
- C. Account for the numerical sequence of tickets assigned and issued and their ultimate disposition.

**AUDITEE'S RESPONSE**

*The SLBPC concurs with the recommendations of the State Auditor and notes that a new envelope system of tag issuance should alleviate some of the accounting issues identified. Automation improvements shall be explored as part of the department's technology initiative. Implementation of these recommendations also shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

**8.**

**Cash Funds**

The SLBPC provides the Vice/Narcotics Division and the Intelligence Division with cash funds which are to be used for specific law enforcement purposes. Each year, the Vice/Narcotics Division receives between \$80,000 and \$150,000 in Narcotics Control Assistance Program (NCAP) grant monies and city special investigative fund appropriations. These monies are used to periodically replenish two cash funds. From these funds, detectives buy evidence and information relating to various drug cases.

These cash funds are under the exclusive control of the Vice/Narcotics Division and no independent review is made to ensure they are maintained properly. Two officers in the division are responsible for receipting, recording, and custody of cash in these two funds, one containing NCAP monies and the other containing city special investigative fund monies. Each officer is responsible for only one cash fund. The supervisor of the division performs a monthly review of records and observes monthly cash counts; however, this review is not documented.

We noted one instance where an officer of the Narcotics Division was not properly adjusting the ledger balance when any monies were returned by the narcotics officers. The officer accumulated

approximately \$15,540 from the returned monies which was maintained separately from the cash fund. The \$15,540 was forwarded to the Budget and Finance Division.

Periodically these funds should be counted and reconciled to the ledger balances by an outside unit to ensure funds are being accounted for properly, to detect any errors, and to help ensure these monies are properly expended.

**WE RECOMMEND** the SLBPC require the cash funds to be periodically counted and reconciled to the ledger balance by an outside unit. Additionally, the supervisor of the division should document all monthly reviews.

**AUDITEE'S RESPONSE**

*Although all funds received by the Narcotics Division are fully accounted for, the SLBPC concurs with the State Auditor's recommendation that such "funds should be counted and reconciled to the ledger balances by an outside unit to ensure funds are being accounted for properly to detect errors and to help ensure these monies are properly expended." A policy providing these measures has been developed, and its implementation shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

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| <b>9. State Forfeitures</b> |
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A. As of September 1998, the SLBPC was holding over \$79,000 in interest monies earned on Criminal Activity Forfeiture Act (CAFA) Funds. The CAFA Funds are held in a separate interest bearing checking account.

Article IX, section 7 of the Missouri Constitution relates to school funds. This provision states that all proceeds resulting from the forfeitures and fines collected shall be distributed annually to the schools. The Missouri Supreme Court has held that all CAFA forfeitures are included under this provision and must be distributed to the schools.

The general rule is that interest takes the same character as the proceeds from which it is earned. Since the CAFA forfeitures are constitutionally restricted, the interest earned on CAFA forfeitures should be credited to the CAFA funds and should be distributed the same as the CAFA proceeds.

B. In May 1997, the SLBPC entered into a contract with a company for towing and storage of vehicles seized by the department under the CAFA. This contract was entered into without soliciting bids. The company pays the SLBPC one-half of the amount collected from owners/claimants for vehicles released. As of November 1998, the SLBPC had received approximately \$93,300 from the company.

There appears to be no statutory authority for the SLBPC to contract with a towing and storage company for profit by the department. Under Section 84.090.2, RSMo 1994, the SLBPC is charged to "protect the rights of persons and property". The SLBPC becomes a trustee for these vehicles and has a duty to act in the interest of the owner. It appears that the SLBPC should negotiate or bid the best and lowest fees possible.

**WE RECOMMEND** the SLBPC:

- A. Disburse the interest earned on the CAFA funds in the same manner as the proceeds from the CAFA forfeitures.
- B. Negotiate or solicit bids to obtain the best and lowest fees possible. In addition, the SLBPC should not enter into a contract which requires the towing and storage company to provide a portion of the fees collected to the SLBPC.

**AUDITEE'S RESPONSE**

- A. *The correct disposition of these funds has been negotiated in accordance with the memorandum signed by the St. Louis Circuit Attorney.*
- B. *Because of the nature of tow yards, and the difficulty of transition from one to another, the SLBPC considered it economically unrealistic to separately bid for such service. In response to the State Auditor's recommendation, however, the SLBPC shall competitively bid such services. The SLBPC, even if deemed a "trustee" of such property, is entitled to receive reimbursement for administrative expenses.*

**10.**

**Minutes of Meetings and Records**

- A. The SLBPC held several closed meetings during the years ended June 30, 1998, 1997, and 1996. During some of the closed meetings, matters were discussed which do not appear to be allowed by Section 610.021, RSMo 1994. Examples of matters discussed in closed meetings include approval of contracts and discussions regarding budgets, contracts, asset forfeiture funds, federal grants, and capital improvement plans.

Section 610.021, RSMo 1994, allows the board to close meetings to the extent the meetings relate to certain specified subjects, including litigations, real estate transactions, and personnel. The above issues do not appear to meet requirements for closed sessions.

- B. The SLBPC's record retention policy is documented in Administrative Order 85-A-2. In general, the policy requires a thirteen month retention period for most source documentation related to typical daily activity of the department. During our review of the SLBPC, we were unable to review cash register tapes, transfer count reports showing

parking tickets transferred to REJIS and the related transfer errors, and the traffic ticket transmittal envelopes.

The Missouri Municipal Records Manual published by the Secretary of State's Office, Records Management and Archives Service, generally requires maintenance of these types of documents from two to five years.

This condition was also noted in the prior report.

**WE RECOMMEND** the SLBPC:

- A. Limit closed session meetings only to purposes specifically allowed by state law.
- B. Review the record retention policy and revise the policy to meet the requirements of the Missouri Municipal Records Manual.

**AUDITEE'S RESPONSE**

*The Board of Police Commissioners concurs with the recommendations of the State Auditor as follows:*

- A. *As to matters relating to actions taken in closed session, the circumstances the State Auditor has brought to the board's attention relate almost exclusively to matters that involved issues that, in part, are to be considered in closed session and, in part, in open meetings. Henceforth, the SLBPC and the board secretary will ensure that upon resolution of the part of the issue to be considered in closed session - - whether it be personnel related or present confidential legal issues - - the remaining part of the issued shall be brought into open session for discussion and ratification.*
- B. *The SLBPC shall have the board secretary and legal counsel examine its records retention policy and ensure that it complies with applicable state law.*

**11.**

**Fixed Asset Records and Procedures**

Our review of the department's fixed assets records and procedures revealed the following weaknesses:

- A. The SLBPC's policy on fixed assets does not include procedures for performing an annual inventory. During the year ended June 30, 1998, the SLBPC did not conduct a physical inventory of all police department-owned property. Such procedures are necessary to ensure everyone involved in the inventory process is aware of their role and to ensure all results of the inventory are adequately documented. In addition, an annual inventory is

necessary to ensure all police department assets can be accounted for properly. The results of the physical inventory should be compared to the property records and any discrepancies investigated.

- B. Additions and deletions of fixed assets are not recorded in the asset records as they occur. In addition, fixed asset additions are not reconciled to equipment purchases. Timely recording of all fixed asset additions and deletions helps ensure that all property is accounted for properly and that the records are current. Performing a reconciliation of fixed asset additions and equipment purchases would help ensure all applicable equipment purchases have been properly added to the fixed asset records.
- C. Asset records are not maintained in a manner that allows beginning balances, additions, and deletions for each year to be reconciled to balances at the end of the year. An annual summary of changes in fixed assets provides a basis for proper financial reporting and allows the physical inventory conducted to be reconciled to the fixed asset records.

**WE RECOMMEND** the SLBPC:

- A. Ensure the policy includes a section on performing an annual inventory. In addition, the SLBPC should perform and document annual inventories of fixed assets.
- B. Maintain accurate fixed asset records on a current basis and periodically reconcile these records to fixed asset purchases.
- C. Maintain asset records in a manner that beginning balances, additions, and deletions can be reconciled to year-end balances.

**AUDITEE'S RESPONSE**

*The SLBPC concurs with the recommendations of the State Auditor. Automation improvements shall be explored as part of the department's technology initiative. Implementation of these recommendations also shall be assisted by the internal auditor and the newly-formed Financial Quality Control Unit under the supervision of the SLBPC President and Treasurer and the Chief of Police.*

**12.**

**Computer Controls**

Our review of the ISD (Information Services Division) operations indicated the following areas where improvements are needed:

- A. The ISD has no formal contingency plan for the computer system. Contingency plans should consist of plans for a variety of contingency situations including both short-term and

long-term plans for backup hardware, software, data, and facilities in the event of system failure or other disaster. The police department relies heavily on the data processing functions to provide computer aided dispatching, police incident reporting, complaint tracking, and duty roster tracking. Given the heavy reliance by the police department on the computer system for its day-to-day operations, the need for contingency planning is evident.

- B. Access to computer files and programs are not adequately restricted. Passwords and user identifications (IDs) are not promptly deleted upon employee termination or transfer. In addition, numerous incorrect log on attempts are not investigated on a periodic basis. Passwords and IDs should be promptly deleted upon employee termination or transfer to reduce the possibility of unauthorized users gaining access to the police department system.

**WE RECOMMEND** the SLBPC:

- A. Develop formal contingency plans including arrangements for backup facilities and equipment. The SLBPC should also provide a system for periodic review and testing of the contingency plan.
- B. Ensure that passwords and IDs are promptly deleted upon employee termination or transfer. Additionally, the SLBPC should investigate incorrect log on attempts on a periodic basis.

**AUDITEE'S RESPONSE**

*The SLBPC concurs with the recommendations of the State Auditor and notes that both of these issues have been addressed and are in the process of implementation as part the department's technology initiative. The updating and deletion of passwords and user ID's has been achieved and security shall be enhanced and made accountable through appointment of an ISD supervisor of security.*

**AUDITEE'S OVERALL RESPONSE**

*The single greatest benefit the SLBPC derived from the audit process has been calling to the Board's attention the need for institutional mechanisms to prompt the Board - - which, along with the department's senior management, has undergone recomposition since the last State audit conducted in 1994 - - to follow in a systematic way progress made on past recommendations. In response to the current audit, and to provide for these mechanisms, the SLBPC and the Chief of Police shall institute on an ongoing basis the following:*

- < *An internal auditor, who shall lead a permanent detail of both commissioned and civilian staff - - the Financial Quality Control Unit - - and report to an audit committee consisting of the SLBPC's President and Treasurer and the Chief of*

*Police shall be appointed and charged with assisting the department's operational units to effect the management improvements recommended by the State Auditor. Weaknesses identified by the State Auditor in operational units' financial management and practices are, in the SLBPC's judgment, a function of the enormous law-enforcement and technical duty demands imposed on such units. By charging an internal auditor with the duty of assisting operational units in the implementation and execution of business and financial practice improvements and monitoring such progress, most of the identified weaknesses shall be promptly resolved and shall not reoccur.*

- < *The Board, itself, shall, by a fixed agenda item, receive a report regularly, and at least quarterly, from the internal auditor and Financial Quality Control Unit as to the status of initiatives undertaken in response to the State Auditor's suggestions.*
- < *The department's information technology initiative, currently led by Lt. Col. Raymond Lauer, with the assistance of the consulting firm of Arthur Andersen, shall, over the course of three years, implement, among other things, improved management automation technology as well as training of personnel in the use of this technology. These efforts shall better and systematically prompt financial controls and reduce incidents of human error in financial and asset management.*
- < *The SLBPC, prior to the completion of the audit, determined to undertake a process of strategic planning, by among other things, focusing senior managers on the budget process at an earlier date so that the Budget can better serve as a management tool for the department and development of written financial policies that better detail financial practices and better coordinate those practices among the Department's operational units.*
- < *The SLBPC shall enhance collaboration with agencies of City government, including the Mayor's staff, the Budget Director, the Comptroller and the Treasurer, and shall seek to hold quarterly meetings with representatives of each to obtain their input on matters of shared responsibility with the department.*
- < *Mid way through the audit period, the SLBPC hired a certified public accountant to serve as purchasing director for the department, thereby bringing a new level of professional training to the position.*

*Over the past three years, the SLBPC and the Chief of Police focused the greatest part of the department's resources and attention to reaching new levels of excellence and accomplishment in law enforcement. These efforts yielded unprecedented improvements in community safety and dramatic decreases in the incidence of the most serious criminal activities. The SLBPC recognizes that public confidence in the Department requires that comparable excellence be achieved in all*

*aspects of its management and believes that the State Auditor's efforts provide valuable assistance towards that end.*

This report is intended for the information of the board's management and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-up on State Auditor's Prior Recommendations

SPECIAL REVIEW OF THE  
ST. LOUIS BOARD OF POLICE COMMISSIONERS  
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the St. Louis Board of Police Commissioners (SLBPC) on recommendations made in the Management Advisory Report (MAR) of our report issued for the two years ended June 30, 1993.

The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the board should consider implementing these recommendations.

1. Expenditures

- A. During the two years ended June 30, 1993, the SLBPC paid \$76,103 for health and life insurance for current and former commissioners.
  - B. The SLBPC did not require that mileage logs be maintained for executive vehicles. Since 1988, the SLBPC had expended over \$311,000, including trade-in allowances, for the purchase, maintenance, repairs, and insurance for executive cars for these individuals. In addition, the SLBPC was providing legal counsel for current and former commissioners in defense of an IRS case involving personal use of executive cars.
  - C.1. During the two years ended June 30, 1993, the SLBPC paid a law firm \$372,578 for professional services without maintaining documentation supporting these expenditures including dates and hours worked and work performed.
2. The department paid over \$9,800 for legal services without contracts specifying the hourly rates to be charged and the services to be provided by the legal firms retained.

Recommendation:

The SLBPC:

- A. Discontinue the practice of providing insurance benefits for current and former commissioners.
- B. Require mileage logs to be maintained for all executive vehicles to ensure the vehicles are justified for business purposes and used only for department business, or discontinue the practice of purchasing and providing executive vehicles. In addition, the SLBPC should discontinue the payment of expenses in defense of the IRS case involving personal use of the executive vehicles and consider the recoupment of the legal expenses already incurred.

- C.1. Require adequate documentation to support professional services expenditures made to the general counsel.
2. Execute written contracts for all outside legal services which specify hourly rates and services to be provided.

Status:

- A. Not implemented. See MAR No. 1.
- B. Not implemented. The SLBPC does not require mileage logs to be maintained for executive vehicles. The SLBPC has not provided board members an executive vehicle in the last three years. The IRS case involving personal use of the executive vehicles has been settled; therefore, the SLBPC has discontinued providing legal counsel.
- C.1. Not implemented. It appears the SLBPC has improved on retaining legal invoices documenting expenses, dates and hours worked, and work performed; however, we were unable to locate some legal invoices. See MAR No. 4.
2. Not implemented. See MAR No. 3.

2. Procurement Procedures

- A. Bids were not always solicited for various purchases made by the department during the two years ended June 30, 1993.
- B. The SLBPC did not bid any of its banking services and did not have current written depositary agreements with the bank.

Recommendation:

The SLBPC:

- A. Solicit bids for all purchases in accordance with the department's stated policy and document all price quotes obtained on non-bid items.
- B. Obtain banking services through competitive bidding. Written depositary agreements should be obtained from each depositary bank which specifies the services to be provided and any applicable costs for these services.

Status:

Not implemented. See MAR No. 3.

3. Inventory Controls and Procedures

- A. The department operates a service garage (Fleet Services) to perform maintenance on department vehicles.
  - 1. A summary report that showed the beginning balance, purchases, issuances, and ending balance for each part was not periodically prepared.
  - 2. We noted several items which appeared to have excessive quantities on hand.
- B. The department operates a supply warehouse (Supply Division) which stocks various items used by the department.
  - 1. The duties of recording inventory transactions and reconciling physical count results were not adequately segregated.
  - 2. The Supply Division did not retain the count sheets from the semi-annual physical inventory counts after adjustments were made to inventory balances and inventory balance adjustments were made prior to supervisory approval.
  - 3. We noted several items which appeared to have excessive quantities on hand.
- C. The department maintains firearms, ammunition, and various related supplies in the Armory.
  - 1. The Armory did not have written procedures for inventory movements and records.
  - 2. The Armory did not maintain records of the number of rounds of ammunition dispensed at the firing range.

Recommendation:

The SLBPC:

- A.1. Prepare a quarterly report that shows the beginning balance, purchases, issuances, and ending balance for each part.
  - 2. Order parts based on expected usage to reduce excessive parts inventories.
- B.1. Segregate the duties of recording transactions in the inventory system and reconciling supply inventory counts to inventory balances.

2. Obtain and document supervisory approval prior to making adjustments to the supply inventory records and retain documentation of count results to support supply inventory adjustments.
  3. Order supplies based on expected usage to reduce excessive supply inventories.
- C.1. Develop written procedures for Armory inventory movement and inventory records.
2. Reconcile the amount of ammunition used at the firing range to the amount removed from the vault.

Status:

A.1.

&B.3. Not implemented. See MAR No. 6.

A.2. Partially implemented. During our review, we still noted some items which appeared to have excessive quantities on hand. However, most of the items noted were decals which are no longer used. Although not repeated in the current report, the SLBPC should consider fully implementing the recommendation.

B.1.,

B.2.,

&C.1. Implemented.

C.2. Not implemented. Although not repeated in the current report, the SLBPC should consider fully implementing the recommendation.

4. Traffic Ticket and Parking Tag Controls

A. The department did not ensure logs of ticket books assigned to officers were completed. In addition, logs were destroyed after thirteen months.

B. The department did not ensure that cover and completion sheets were properly submitted to ISD. In addition, ISD discarded the sheets after approximately six months.

C. The department did not account for tickets assigned and issued and their ultimate disposition.

Recommendation:

The SLBPC:

- A. Require the area stations and other patrol units to maintain accurate and complete logs of traffic and parking tickets received and issued. These logs should be retained until subjected to final audit.
- B. Require that cover and completion sheets be submitted to ISD to document when a book is started and completed, and require ISD to maintain a permanent record of books started and completed.
- C. Account for the numerical sequence of tickets assigned and issued and their ultimate disposition.

Status:

Not implemented. See MAR No. 7.

5. Budgeting of Funds

- A. The SLBPC did not prepare budgets for the Secretary's Account funds and some government grant and contract funds.
- B. During the two years ended June 30, 1993, the SLBPC sold two buildings for a total of \$958,137. The buildings apparently were purchased with monies from the General Fund of the city of St. Louis. The sale proceeds were deposited in the Secretary's Fund and used to fund the Special Operations Building.

Recommendation:

The SLBPC:

- A. Prepare budgets of revenues, resources, and expenditures for the Secretary's Account and all grant and contract revenues. These budgets should be formally reviewed and approved by the board and used as a guideline for the activity of these funds.
- B. Obtain written agreements from the city before making sales of city funded SLBPC buildings.

Status:

- A. Not implemented. See MAR No. 2.
- B. The SLBPC did not sell any buildings during the two years ended June 30, 1998. However, if such transactions do occur in the future, the SLBPC should consider following this recommendation.

6. Construction Management

- A.1. It appeared that the department did not have an independent or qualified person reviewing construction progress and monitoring contract compliance.
- 2. The board assigned construction liaison duties to the Bureau of Administration. The persons who maintained daily contact with the architect and contractor were commissioned officers and were not experienced in the construction industry. As a result, there were several design flaws which were not discovered by the department until the flaws appeared in the completed product.
- B. The inexperience of the department personnel allowed the project's change orders to become excessive. In addition, some change orders were approved by the board after a significant portion of the change order work was completed.

Recommendation:

The SLBPC:

- A. Retain an independent, qualified person or firm to perform construction management duties.
- B. Monitor future construction change orders to ensure that project overruns remain within contractual limits.

Status:

Implemented.

7. Record Retention

During our review of the SLBPC, we noted various records which were not available for our review, due to purging of documents after the thirteen month retention period.

Recommendation

The SLBPC review the record retention policy and revise the policy to meet the requirements of the Missouri Municipal Records Manual.

Status

Not implemented. See MAR No. 10.

8. Unclaimed Property Distribution

During the two years ended June 30, 1993, the SLBPC distributed \$90,201 of unclaimed cash and proceeds from the sale of unclaimed property to the St. Louis Police Relief Association. The commander of the Laboratory Division, which stores unclaimed property, estimated at least ninety percent of unclaimed property is seized property.

Recommendation:

The SLBPC dispose of unclaimed seized property in accordance with Section 542.301.1(5), RSMO Supp. 1993.

Status:

Partially implemented. A court decision ruled that these monies could be turned over to the Relief Association at the discretion of the SLBPC.

9. Bond Collection Procedures and Records

- A. Standard record-keeping procedures for city ordinance bonds had not been developed at the area command centers. In addition, the numerical sequence of bond forms was not accounted for by the area command centers.
- B. There was a lack of segregation of duties related to the fugitive bond account.

Recommendation:

The SLBPC:

- A. Develop departmentwide standard record keeping procedures for city ordinance bond receipt forms so that city ordinance bond receipts forms are issued and filed in numerical sequence, the sequence is accounted for, receipt numbers are recorded on the bond logs, and receipts are agreed to transmittals.
- B. Adequately segregate the duties regarding the fugitive bond account. At a minimum, an independent supervisory review of the bank reconciliations and checks issued should be performed.

Status:

- A. Not implemented. See MAR No. 5.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The St. Louis Board of Police Commissioners was established by an act of the legislature in 1861 to provide law enforcement protection to the citizens of the city of St. Louis. The board operates under the provisions of Sections 84.010 to 84.340, inclusive, RSMo 1994.

The Board of Police Commissioners consists of five members. The governor, with the consent of the Senate, appoints four commissioners who, with the mayor of the city of St. Louis as an ex officio member, control the operations of the St. Louis Police Department. The board members are appointed for a term of four years. The police property, as well as the Police Department itself, is subject to the rules and orders of the Board of Police Commissioners.

The members of the Board of Police Commissioners at June 30, 1998, were:

| <u>Member</u>                               | <u>Term Expires</u> |
|---|---------------------|
| Colonel Anne-Marie Clarke, President **     | January 1, 1997 *   |
| Colonel Robert T. Haar, Vice President **   | January 1, 1998 *   |
| Colonel Wayman F. Smith III, Treasurer      | January 1, 2000     |
| Colonel Jeffrey Jamieson, Purchasing Member | January 1, 1999     |
| Mayor Clarence Harmon, Ex Officio Member    | April 15, 2001      |

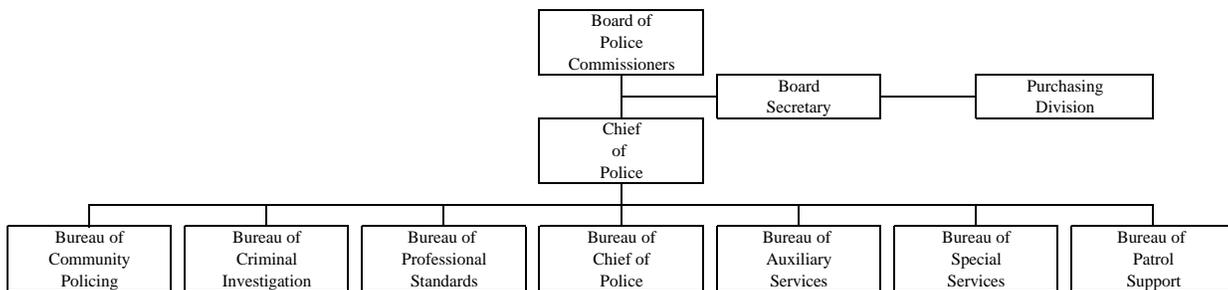
\* Commission member continued to serve until a replacement was named.

\*\* On November 18, 1998, Leslie F. Bond Sr., M.D. and Edward M. Roth were appointed to fill these positions on the board. Subsequent to these appointments, Colonel Smith was elected board president, Colonel Jamieson was elected board vice president, Colonel Bond was elected board treasurer, and Colonel Roth was elected board purchasing member.

Colonel Ronald Henderson has been the Chief of Police since December 9, 1995.

An organization chart follows.

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
ORGANIZATION CHART  
JUNE 30, 1998



## Appendix A

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET BASIS

|   | Year Ended June 30,   |                    |                   |                   |                   |
|---|-----------------------|--------------------|-------------------|-------------------|-------------------|
|   | 1998                  | 1997               | 1996              | 1995              | 1994              |
| <b>PERSONAL SERVICE</b>                     |                       |                    |                   |                   |                   |
| Salaries                                    | \$ 83,122,591         | 80,083,830         | 76,447,876        | 78,042,958        | 69,330,955        |
| Fringe benefits                             | 8,101,983             | 7,353,936          | 7,699,301         | 7,835,982         | 7,736,985         |
| Workers' compensation                       | 804,066               | 874,991            | 1,650,087         | 639,050           | 1,422,270         |
| Total Personal Service                      | <u>92,028,640</u>     | <u>88,312,757</u>  | <u>85,797,264</u> | <u>86,517,990</u> | <u>78,490,210</u> |
| <b>EXPENSE AND EQUIPMENT</b>                |                       |                    |                   |                   |                   |
| Supplies and materials                      | 3,271,383             | 3,543,875          | 2,959,547         | 2,992,673         | 2,513,395         |
| Equipment                                   | 2,320,551             | 1,978,531          | 1,526,872         | 1,257,150         | 2,142,192         |
| Contracted services                         | 6,493,722             | 6,841,315          | 6,726,952         | 5,769,542         | 6,042,182         |
| Fixed and miscellaneous                     | 596,390               | 636,273            | 537,874           | 440,546           | 373,390           |
| Debt service - capital<br>lease obligations | 222,538               | 130,224            | 70,819            | 432,106           | 2,077,005         |
| Total Expenses and Equipment                | <u>12,904,584</u>     | <u>13,130,218</u>  | <u>11,822,064</u> | <u>10,892,017</u> | <u>13,148,164</u> |
| Total Expenditures                          | <u>\$ 104,933,224</u> | <u>101,442,975</u> | <u>97,619,328</u> | <u>97,410,007</u> | <u>91,638,374</u> |

## Appendix B

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
 COMPARATIVE SCHEDULE OF SPECIAL REVENUE FUND AND EXPENDABLE TRUST FUND  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

|   | Year Ended June 30, |                  |                   |                  |                  |
|---|---------------------|------------------|-------------------|------------------|------------------|
|   | 1998                | 1997             | 1996              | 1995             | 1994             |
| <b>REVENUES:</b>  |                     |                  |                   |                  |                  |
| Grants and contracts  | \$ 5,210,248        | 2,958,317        | 3,326,425         | 2,862,388        | 2,283,000        |
| Asset forfeitures   | 1,371,539           | 1,369,243        | 852,117           | 1,752,570        | 1,151,118        |
| Interest  | 311,524             | 397,398          | 418,548           | 470,168          | 163,354          |
| From the City of St. Louis  | 0                   | 32,507           | 0                 | 0                | 0                |
| Miscellaneous   | 375,000             | 349,000          | 384,000           | 664,000          | 490,749          |
| Total Revenues  | <u>7,268,311</u>    | <u>5,106,465</u> | <u>4,981,090</u>  | <u>5,749,126</u> | <u>4,088,221</u> |
| <b>EXPENDITURES:</b>  |                     |                  |                   |                  |                  |
| Salaries and benefits   | 3,006,726           | 2,070,702        | 1,924,362         | 1,864,185        | 1,788,416        |
| Supplies and materials  | 539,685             | 304,889          | 387,451           | 791,384          | 394,590          |
| Contracted services   | 2,122,723           | 598,308          | 866,770           | 428,232          | 742,452          |
| Fixed and miscellaneous   | 347,485             | 663,916          | 864,658           | 303,566          | 410,773          |
| Capital outlay  | 1,420,320           | 720,909          | 2,115,175         | 1,755,932        | 656,753          |
| Total Expenditures  | <u>7,436,939</u>    | <u>4,358,724</u> | <u>6,158,416</u>  | <u>5,143,299</u> | <u>3,992,984</u> |
| Revenues over (under) expenditures  | <u>-168,628</u>     | <u>747,741</u>   | <u>-1,177,326</u> | <u>605,827</u>   | <u>95,237</u>    |
| <b>OVER FINANCING (USES) SOURCES:</b>   |                     |                  |                   |                  |                  |
| Interfund operating transfers, net  | 0                   | 0                | 35,021            | -291             | 983,438          |
| Proceeds from the sale of fixed assets  | 0                   | 0                | 0                 | 0                | 16,000           |
| Total other financing sources, net  | <u>0</u>            | <u>0</u>         | <u>35,021</u>     | <u>-291</u>      | <u>999,438</u>   |
| Revenues and other financing sources<br>over expenditures and other<br>financing uses | <u>-168,628</u>     | <u>747,741</u>   | <u>-1,142,305</u> | <u>605,536</u>   | <u>1,094,675</u> |
| <b>FUND BALANCES:</b>   |                     |                  |                   |                  |                  |
| Beginning of year   | <u>5,469,082</u>    | <u>4,721,341</u> | <u>5,863,646</u>  | <u>5,258,110</u> | <u>4,163,435</u> |
| End of year   | <u>\$ 5,300,454</u> | <u>5,469,082</u> | <u>4,721,341</u>  | <u>5,863,646</u> | <u>5,258,110</u> |

This schedule includes the revenues and expenditures generally referred as the Secretary's Account which is held by the SLBPC and special revenue accounts held by the city. The expenditures relating to asset forfeitures monies are also included on Appendix C.

Appendix C

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
 COMPARATIVE SCHEDULE OF ASSET FORFEITURES EXPENDITURES

|                                   | Year Ended June 30, |                |                  |                |                |
|-----------------------------------|---------------------|----------------|------------------|----------------|----------------|
|                                   | 1998                | 1997           | 1996             | 1995           | 1994           |
| Travel and training               | \$ 26,180           | 94,707         | 129,206          | 50,001         | 74,277         |
| Communications and computers      | 280,917             | 180,142        | 220,241          | 285,353        | 269,078        |
| Firearms, weapons, and body armor | 397,241             | 59,329         | 82,964           | 118,890        | 180,570        |
| Electronic surveillance equipment | 48,793              | 45,393         | 941              | 31,423         | 22,629         |
| Building and improvements         | 0                   | 151,534        | 10,299           | 12,130         | 146,230        |
| Other law enforcement expenses    | 291,683             | 387,703        | 1,838,761        | 494,810        | 232,014        |
| Transfers                         | 104,395             | 0              | 0                | 0              | 0              |
| Total Expenditures                | \$ <u>1,149,209</u> | <u>918,808</u> | <u>2,282,412</u> | <u>992,607</u> | <u>924,798</u> |

Appendix D

ST. LOUIS BOARD OF POLICE COMMISSIONERS  
 COMPARATIVE SCHEDULE OF EXPENDABLE TRUST FUND CASH AND INVESTMENTS

|  | Year Ended June 30, |                  |                  |                  |                  |
|--|---------------------|------------------|------------------|------------------|------------------|
|  | 1998                | 1997             | 1996             | 1995             | 1994             |
| Cash and cash equivalents:                         |                     |                  |                  |                  |                  |
| Restricted - held by fiscal agent                  | \$ 7,716,079        | 6,968,233        | 6,342,957        | 6,048,285        | 214,710          |
| Unrestricted                                       | 0                   | 0                | 0                | 0                | 5,207,128        |
| Investments - restricted - held by<br>fiscal agent | 123,932             | 218,193          | 170,395          | 228,395          | 631,395          |
| Total Cash and Investments                         | \$ <u>7,840,011</u> | <u>7,186,426</u> | <u>6,513,352</u> | <u>6,276,680</u> | <u>6,053,233</u> |

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